

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1593

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 15, 2015

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1593, with committee amendments.

As amended, this bill is entitled the "Police Officer, Firefighter, Public School Teacher, Corrections Officer, and Sanitation Worker Home-buyer Assistance Act." The program provides down-payment assistance to encourage qualified police officers, firefighters, public school teachers, corrections officers, and sanitation workers to purchase residential property in specially designated neighborhoods of the "SDA" school districts in which they are employed. The bill includes a \$5 million General Fund appropriation for the New Jersey Housing and Mortgage Finance Agency (NJHMFA) to administer the program.

The bill directs the NJHMFA to administer the down-payment assistance program. Down-payment assistance would be provided in the form of zero percent interest rate second mortgage loans of \$10,000 to qualified police officers, firefighters, public school teachers, corrections officers, and sanitation workers. The loans may be used for down payments and closing costs on single or two-family homes. The loans are to be forgiven at a rate of 20% per year for five years. Program assistance is conditioned on maintenance of the home as a primary residence for at least five years. Violation of the primary residence requirement prior to completion of the five year timeframe results in the unforgiven balance becoming due and payable, except in situations of death or divorce.

For a municipality to participate in the program, it must be coextensive with an "SDA" school district and its governing body must adopt an ordinance to participate. Subject to further requirements developed by the NJHMFA, the municipality's ordinance must identify participating neighborhoods by street boundary and may limit participation to qualified applicants with a specified number of years of service. For all participating municipalities, qualified applicants must have at least one year of creditable service as a member of the applicable pension system. Employers are required to certify qualified employment of applicants to the NJHMFA.

The bill includes rulemaking authority for the Commissioner of

Community Affairs, in consultation with the Commissioner of Education and the Executive Director of the NJHMFA.

The bill is scheduled to take effect on the first day of the third month following enactment.

FISCAL IMPACT:

The bill is likely to result in increased State costs of up to \$5 million. Without administrative cost offsets, the bill's \$5 million appropriation could provide a loan assistance amount of \$10,000 for up to 500 homeowners in the 31 eligible "SDA" Districts. This impact analysis is limited to the original \$5 million appropriation contained in the bill and without respect to the potential for further appropriations.

COMMITTEE AMENDMENTS:

The amendments add corrections workers to the list of qualified program applicants.